LEGISLATIVE LIBRARY OF BRITISH COLUMBIA
3 3298 00350 2276

VANCOUVER
CONVENTION CENTRE EXPANSION
PROJECT

2007/08
ANNUAL SERVICE PLAN REPORT

DOC
BC
V362
B1
2007/08
c.3

BRITISH
COLUMBIA
The Best Place on Earth

LEGISLATIVE LIBRARY
VICTORIA, B.C. V8V 1X4
JUL 18 2008

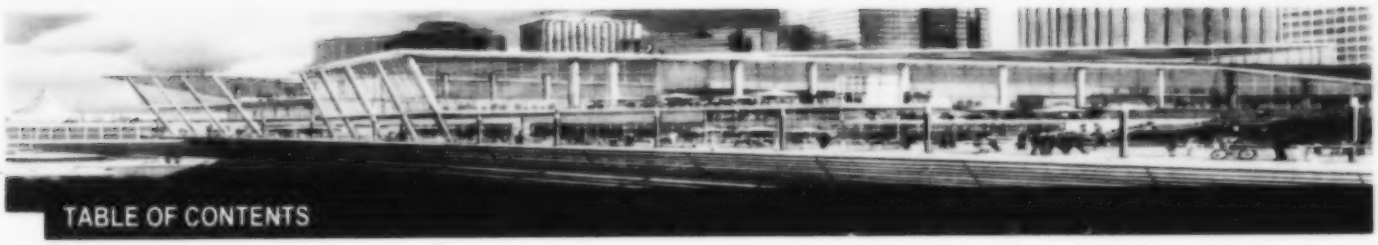


TABLE OF CONTENTS

MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE 1

ACCOUNTABILITY STATEMENT 2

ORGANIZATION OVERVIEW 3

REPORT ON PERFORMANCE 4

PROGRESS AGAINST SHAREHOLDER'S LETTER OF EXPECTATIONS 8

FINANCIAL REPORT 9

CORPORATE GOVERNANCE 10

CONTACT INFORMATION 14

Library and Archives Canada Cataloguing in Publication Data

Vancouver Convention Centre Expansion Project.

Service plan. – 2003/04/2005/06/2006/07/2007/08-Annual.

Also available on the Internet.

ISSN 1718-0007 = Service plan – Vancouver Convention Centre Expansion Project.

1. Vancouver Convention Centre Expansion Project – Periodicals.
2. Vancouver Convention and Exhibition Centre - Periodicals.
3. Convention facilities - British Columbia - Vancouver – Planning - Periodicals.

I. Title. II. Title: Vancouver Convention Centre Expansion Project Ltd. ... service plan.

NA6880.5.C32V36 725'.91'0971133 C2005-960247-3

MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE

To the Minister of Tourism, Sport and the Arts:

On behalf of the Board of Directors of the Vancouver Convention Centre Expansion Project Ltd. (VCCEP), I am presenting the 2007/08 Annual Service Plan Report. Since conducting an in-depth review of the construction project at the request of the Provincial Government and assuming responsibility as Chair of VCCEP on April 16, 2007 this past year has been one of notable progress.

As noted in my May 17, 2007 message last year, the VCCEP Project faced several significant challenges, many of which related to an overheated construction environment, unprecedented increases in the cost of building materials and a severe shortage of available, skilled construction trades. The Project's challenges had been further aggravated by: delays in completion of Project design; protracted negotiations of a stipulated lump sum construction contract; delays in finalizing Project approvals including the Project's Development Permit; difficulties in coordination of the design process; extension of the schedule from original estimates; and limited active involvement of the facility's operator from first inception of the Project.

I am pleased now to report that the Expansion Facility and its Connector to the existing convention facilities in Canada Place have taken noticeable shape under the negotiated stipulated lump sum contract with our construction manager. Many of the components have been completed; the remainder are well along in their construction. Substantial completion of the expansion is confirmed for March 15, 2009 and it will be completed within its currently approved budget of $883.2 million. All members of the Project Team, and especially the several hundred skilled workers whose daily labours are directly responsible for this achievement, have very much appreciated the recognition they received from Premier Campbell and Minister Hagen during their two visits to VCCEP's quarterly Worker Appreciation events.

As of March 31, 2008, steel erection was 98% complete and 40% of the roof was covered with the growing medium ready to accept planting beginning in April. Glazing of the east face was complete and was proceeding across the north face. Installation of mechanical and electrical equipment and components is well along and 45% of the interior finishes were completed. Agreement had been reached amongst BC Pavilion Corporation, Canada Place Corporation and Ocean Pacific Hotels Ltd. for the design of the Connector's enhanced hotel lobby entrance and work had ensued on its construction; overall the Connector was 21% complete. The Project's Thematic Art program was launched with a nation-wide call to artists to make submissions for the commissioning of the major works that will decorate this iconic building. Negotiations between VCCEP's commercial/retail partner, PCI, and the Vancouver Port Authority regarding PCI's marine development plans for VCCEP's water lot were nearing conclusion.

On April 1, 2008, VCCEP and BC Pavilion Corporation amalgamated into one successor corporation under the BC Pavilion Corporation (PavCo) banner. In 2008/09, I look forward to working with PavCo's dedicated Board of Directors to complete the remaining 35% of construction of the expansion and to focus on ensuring a seamless transition from construction through commissioning to operations of the combined facilities in the first quarter of fiscal 2009/10. During the ensuing year, maintaining the Project's schedule and change order management will remain significant challenges for the duration of construction.

I am pleased to recognize the contributions of all of the Directors of the Corporation through March 31, 2008.

In addition, I would like to take this opportunity to thank VCCEP's Owner's Representatives, Management and Staff, for their continuing hard work; and the Minister and his Staff for their continuing support of this landmark Project on Vancouver's waterfront.

David Podmore, Chair
BC Pavilion Corporation Board of Directors
(former Chair, Vancouver Convention Centre Expansion Project Ltd. Board of Directors)

ACCOUNTABILITY STATEMENT

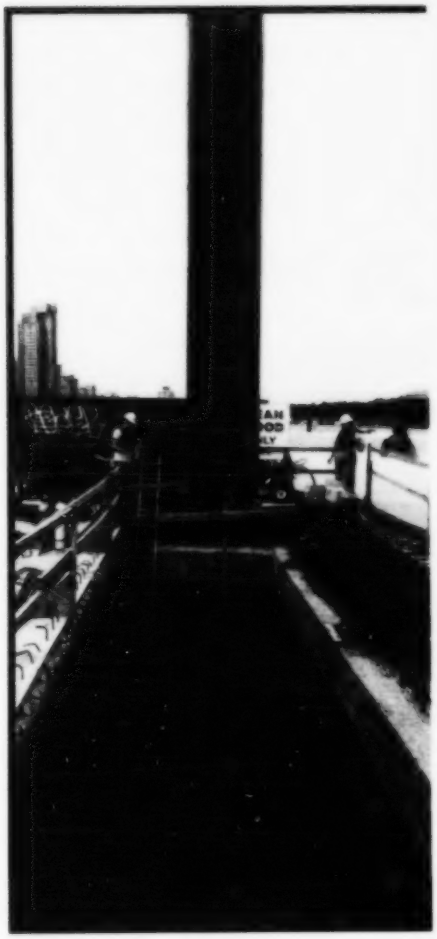
This 2007/08 Vancouver Convention Centre Expansion Project Ltd. Annual Report was prepared under the former Board's direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. The former Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of the Vancouver Convention Centre Expansion Project Ltd. for the twelve months ended March 31, 2008 in relation to its February 2007 Service Plan. The measures presented are consistent with VCCEP's, mandate, goals and strategies, and focus on aspects critical to the organization's performance.

The former Board was responsible for ensuring internal controls were in place to ensure performance information was measured and reported accurately and in a timely fashion.

All significant decisions, events and identified risks, as of May 22, 2008 have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate direction, goals, strategies, measures or targets made since the February 2007 service plan was released and any significant limitations in the reliability of data are identified in the report.

David Podmore, Chair
BC Pavilion Corporation Board of Directors
(former Chair, Vancouver Convention Centre Expansion Project Ltd. Board of Directors)
May 22, 2008



ORGANIZATION OVERVIEW

VISION
Create a unique waterfront experience for visitors and citizens alike and thereby enhance Vancouver's position as a global destination in the convention centre market.

MISSION
To design, construct and commission a world-class expansion of Vancouver's existing Canada Place convention and exhibition facility

OVERVIEW
On March 31, 2008 the Vancouver Convention Centre Expansion Project Ltd. (VCCEP) ceased to be a special purpose project-specific Provincially held limited corporation that had been incorporated under the *BC Business Corporations Act* on February 13, 2003. VCCEP amalgamated with BC Pavilion Corporation (PavCo) on April 1, 2008 and continues as a division of the successor Company, PavCo.

VCCEP's mandate is to design, construct and commission an expansion to the existing Vancouver Convention and Exhibition Centre including the following:

- Construction of new facilities on the Burrard Landing Site, west of Canada Place;
- Renovation of existing leased facilities within Canada Place; and
- Linking of the two sites to form an integrated convention and exhibition centre.

In June 2004, the Provincial Government approved a Project Budget of $565.0 million with confirmed contributions from the Province of BC ($222.5 million); Government of Canada ($222.5 million); and Tourism Vancouver ($90.0 million). The balance of the Project's Budget was to be made up through the Corporation's Revenue Generation program of not less than $30.0 million. Following submission of the findings of a Provincial review of options for the completion of the Expansion's construction and for operations of the combined facility following its completion, the Province approved a final Project Budget of $883.2 million and increased the Province's contribution to a total of up to $540.7 million in July, 2007.

The Expansion Project (including the Connector) is scheduled for substantial completion on March 15, 2009 with commissioning to commence in January 2009 following completion of major construction activities in December 2008. Upgrades to PavCo's existing convention facility in Canada Place have commenced but will not be completed until after the 2010 Olympic and Paralympic Winter Games. Both the existing and the expanded facilities will be made available as the international broadcast and print media centres for the Games.

Previous independent reviews have confirmed that the state-of-the-art convention centre and upgrades to the existing Convention Centre have the ability to generate positive, long-term impacts on tourism and contribute to future economic growth for British Columbia and Canada. Project benefits arise firstly from its construction, followed by substantial incremental convention attendance and onward visitation of non-resident delegates, and finally by repeat tourist visits by previous delegates and their families. All of these occurrences create or sustain employment, and generate economic activity throughout British Columbia.

Currently, VCCEP has one full-time and three part-time employees. It utilizes the equivalent of 14.5 FTE contract project management and administrative staff.

Both prior to April 1, 2008 (as a Crown Corporation), and since (as a division of PavCo), VCCEP's financial management was, and continues to be, governed by the *Financial Administration Act*. VCCEP also acts in accordance with the *Financial Information Act*, *Budget Transparency and Accountability Act* and the *Capital Asset Management Framework Guidelines* issued by the Ministry of Finance.

REPORT ON PERFORMANCE

VCCEP's Service Plan for 2007/08 – 2009/10 was completed during the preparation of a revised Budget, Scope and Schedule for the Project. Specific performance measures and benchmarks for the corporation's core business objectives were outlined in this Service Plan, which was released by the Province on February 20, 2007.

Throughout this past year, VCCEP progressed several components of the Project including living roof (40%), interior finishes (45%), and glazing (28%). Concrete foundation and structural steel erection achieved 100% and 98% completion respectively. VCCEP will remain challenged to maintain scheduled progress against its construction milestones. Completion of structural steel erection remains critical to scheduled completion. Focused attention on change order management has been implemented and will be required through Project completion.

Revenue Generation agreements concluded with three major business alliance partners confirm that VCCEP could generate up to $75.0 million (net) under this program depending upon direction expected to be received from the Province in the first quarter of 2008/09 as to whether remaining revenue is to be received as upfront payments and/or as annual payments over time. To March 31, 2008, VCCEP had exceeded its minimum target of $30 million (generating $30.9 million) in cash management earnings and partner payments.

A provincially initiated review of options for managing the completion of construction and for managing and funding the operation and marketing of the combined facilities post-commissioning was reported out in the second quarter of 2007/08 following which the Project's final budget of $883.2 million was established by the Province in July, 2007. An independent review of the Project's governance, management, and procurement practices was completed by the Office of the Auditor General of British Columbia in October, 2007.

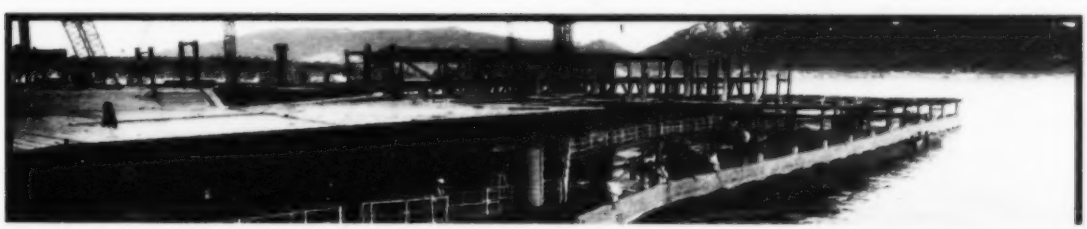
REPORT ON PERFORMANCE

GOAL #1

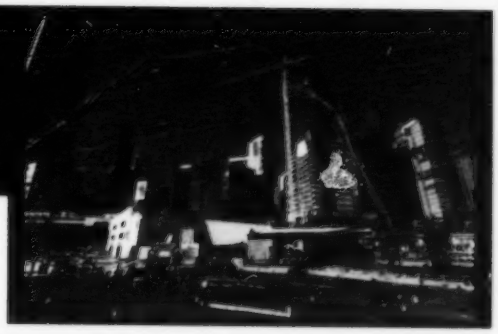
To design, build and commission an expansion to the existing Vancouver Convention and Exhibition Centre (the Expansion Project) and to design and construct a connector between the new and existing facilities and to undertake renovations within Canada Place (together, the Integration Program).

VCCEP's strategy is to optimize schedule, budget and quality objectives through continuous and rigorous monitoring of progress towards achievement of Project milestones and by transparent corporate reporting on a monthly, quarterly and annual basis.

	Prior Years' Results		*Current Year (2007/08)*		*Future Years' Targets*	
Measures	***2005/06***	***2006/07***	***Targets***	***Results***	***2008/09***	***2009/10***
Meet Schedule, Budget and quality objectives Report Progress Against Milestones	Updated milestone targets to meet revised budget, schedule and quality objective Managed construction to date within approved budget Completed construction of Canada Way viaduct Pile Driving 93% Complete Foundation Construction 17% Complete Structural Steel deferred to 2006/07 Construction documents 75% Complete	Budget and Schedule impacted by market escalation, structural steel design details and skilled labour supply Completed: pile driving, 100% City of Vancouver parkade Interim budget lifts of $68.1M approved; final budget to be approved in July, 2007; substantial completion deferred to March, 2009 Foundation concrete advanced to 85% Commenced structural steel erection and Connector construction Realized independent third party contributions to the Project	Meet revised budget, schedule and quality objectives Complete detailed design, foundation concrete and structural steel erection Complete Connector construction Commence central mechanical plant construction, glazed wall installation, living roof construction, and interior finishes Continued exploration of third party contributions	Budget and quality objectives met; on target to achieve substantial completion March 15, 2009 Completed: detailed design, foundation concrete, and 98% structural steel erection Enhanced Connector 21% complete; substantial completion revised to March 15, 2009 • Central Mechanical Plant 51% • Glazing 28% • Living Roof 40% • Interior Finishes 45% Canada Place Upgrades Commenced Third party contributions realized as scheduled	Progress Canada Place upgrades Complete: central mechanical plant, glazed wall installation, living roof, interior finishes, and the water management showcase project Achieve substantial completion March 15, 2009 Realize third party contributions	Progress Canada Place upgrades Continued exploration of third party contributions



REPORT ON PERFORMANCE



GOAL #2

To effectively manage the Project Budget, Schedule, and related activities to ensure timely delivery of the Project within its established Budget.

Through March 31, 2008, VCCEP's strategy was to follow the best practices and fulfill the disclosure requirements of the Province's Board Resourcing and Development Office's (BRDO) best board governance practices. These practices will continue to apply to VCCEP in its post-April 1, 2008 amalgamation role as a Division of PavCo until the completion of the Projects.

Measures	Prior Years' Results		Current Year (2007/08)		Future Years' Targets	
	2005/06	2006/07	Targets	Results	2008/09	2009/10
Follow the Province's Board Resourcing and Development Office (BRDO) best practices for board governance Fulfill the disclosure requirements set out in the Guidelines beginning with its 2004/05 Annual Service Plan Report	Met disclosure requirements Adopted Board approved Whistle Blower Policy Posted PIP and non-confidential portions of Governance manual on website.	Reporting of forecast expenditures to completion limited to approved interim budgets pending confirmation of final budget Otherwise, followed governance best practices guidelines As part of its oversight responsibilities, the Board of Directors undertook monthly reviews of budget and schedule External auditors provided quarterly financial reviews and annual financial audit OAG[1] engaged by Board to review governance, project management, and procurement practices and reasons for cost escalation – report anticipated in the 2nd quarter of FY 07/08	Meet disclosure requirements Follow all governance best practices guidelines	Reporting of forecast expenditures to completion against interim and revised final budget Otherwise, followed governance best practices guidelines As part of its oversight responsibilities, the Board of Directors undertook monthly reviews of budget and schedule External auditors provided quarterly financial reviews and annual financial audit OAG Report publicly issued in October 2007; recommendations incorporated into practices	Meet disclosure requirements through PavCo reporting Follow all governance best practice guidelines as a Division of PavCo	Meet disclosure requirements through PavCo reporting Follow all governance best practice guidelines as a Division of PavCo

[1] *Office of the Auditor General of British Columbia*

REPORT ON PERFORMANCE

GOAL #3

Implement and manage an effective revenue generation program to meet the Project's Budget requirements.

VCCEP's strategy is to identify potential sources of revenue and to conclude revenue producing business alliance agreements.

	Prior Years' Results		*Current Year (2007/08)*		*Future Years' Targets*	
Measures	***2005/06***	***2006/07***	***Targets***	***Results***	***2008/09***	***2009/10***
Identify potential sources of revenue and conclude business alliance agreements that contribute to the generation of a minimum of $30 million by 2008/09	Selected three major preferred business alliance proponents through RFP process Concluded agreements with all three preferred proponents	Confirmed ability to generate $70.1 million (as upfront payments) Confirmed donation of hemlock from forest industry	Continue to identify potential sources of revenue Conclude additional agreements	Achievement of up to $75.0 million net target reconfirmed[1]; $30.9 million generated as of March 31, 2008 No new agreements concluded	Continue to identify potential sources of revenue Support conclusion of additional agreements by PavCo	Continue to identify potential sources of revenue Support conclusion of additional agreements by PavCo

[1] subject to a pending 2008/09 decision by the Province as to whether VCCEP is to receive its remaining generated revenue by way of up front and/or annual payments

PROGRESS AGAINST SHAREHOLDER'S LETTER OF EXPECTATIONS

In fulfilling its mandate throughout 2007/08 to design, construct and commission the expansion of the existing Vancouver Convention and Exhibition Centre, VCCEP fully complied with its accountabilities as set out in its Shareholder's Letter of Expectations. Specifically, VCCEP effectively:

- managed the Project's Budget, Schedule, and related activities throughout 2007/08 to ensure delivery of the Project by March 15, 2009 within its established cost to the public of $883.2 million.
- managed its revenue generation program in accordance with direction from its Shareholder.
- reported its monthly, quarterly, and annual progress and financial performance to its Shareholder and publicly reported, via its website, its quarterly and annual report, Service Plans and Annual Service Plan Reports.

FINANCIAL REPORT

Management Discussion and Analysis

At March 31, 2008 the approved final Project Budget totaled $883.2 million and is to be funded by the Province of BC (up to $540.7 million), Government of Canada – Infrastructure Canada (INFC) ($222.5 million), Tourism Vancouver (TVan) ($90.0 million) and VCCEP Revenue Generation (not less than $30.0 million). The allocation of this funding to VCCEP's discrete projects (expansion facility, connector and upgrades) is shown in Table 1 below.

The Province of British Columbia and Tourism Vancouver's shares of the total program is being advanced from the voted appropriations of the Ministry of Tourism, Sport and the Arts (and its predecessor Ministries) in fiscal years 2003/04 through 2008/09.

Separately, VCCEP contracted with the City of Vancouver (City) to construct a parking structure beneath the Project's western slope transition area. The City contributed $4.1 million; VCCEP reallocated the balance required of $1.9 million from Expansion Project funds previously budgeted for its completion of the transition area. VCCEP has also concluded an agreement with Western Economic Diversification Canada (WED) for purchase and installation of water management showcase systems (incremental sustainability initiatives). At March 31, 2008, the Project budget and ancillary project allocations are summarized in Table 1 below.

Table 1: VCCEP Approved Project Budget Allocations at March 31, 2008

VCCEP's Approved Project Budget

	Project Budget			
Source of Funds	**Expansion**	**Connector**	**Upgrades**	**Total**
Province of BC (MTSA) [1]	$ 485.9	$ 18.6	$ 36.2	$ 540.7
GOC (Infrastructure Canada)	202.5	20.0	-	222.5
Province of BC (Tourism Vancouver)[2]	90.0	-	-	90.0
VCCEP revenue generation[1]	30.0	-	-	30.0
Total	**$ 808.4**	**$ 38.6**	**$ 36.2**	**$ 883.2**

[1] Pending direction expected to be received from the Province in 2008/09, VCCEP's contribution to the Project may exceed $30 million in which case MTSA's contribution may be reduced by a like amount.

[2] TVan's funding is received quarterly by way of contribution from MTSA made on its behalf.

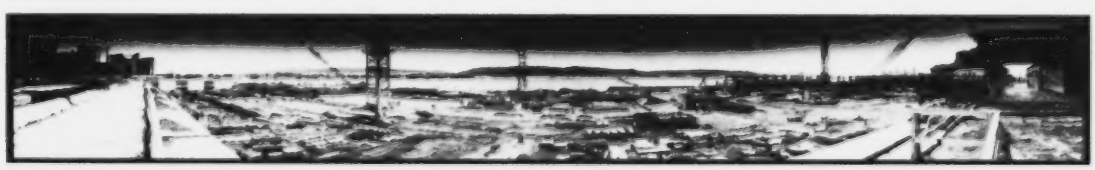
Ancillary Projects Funded by Others

Source of Funds	**Project**	**Total**
City of Vancouver	Western Shell – parking structure	$ 4.1
Western Economic Diversification Canada	Incremental sustainability Initiatives	2.1
PCI Properties	Incremental project costs	.3
VANOC	Incremental project costs	.1
	Total Ancillary Projects	**$ 6.6**

At March 31, 2008, Project commitments totaled $750.7 million of which $543.0 million had been expended. All of Infrastructure Canada's (INFC) $202.5M has been received as cost shared reimbursement against eligible Expansion Project expenditures. VCCEP has also received $82.6 million of the $90.0 million contribution made by the Province on behalf of TVan. The remaining Provincial commitment of $268.2M will be contributed by MTSA in fiscal 2008/09; the remaining $14.6 million of INFC's total contribution of $20 million for the Connector and the balance of $7.4 million of the Province's contribution made on behalf of TVan will also be received.

FINANCIAL STATEMENTS

Annual financial statements to March 31, 2008, as audited by the Office of the Auditor General of British Columbia ("OAG"), are appended. The OAG has also been separately retained by Infrastructure Canada to conduct audits and reviews required under the Government of Canada Funding Agreement.



CORPORATE GOVERNANCE

MINISTER RESPONSIBLE
Honourable Stan Hagen, Minister of Tourism, Sport and the Arts.

The Corporation maintains an effective working relationship with the Minister through monthly Project reporting and regular in-person meetings of the Chair and senior staff.

BOARD OF DIRECTORS
Up to March 31, 2008 VCCEP was governed by the following eleven-member Board of Directors appointed by the Province.

- David Podmore (Board Chair), President & CEO, Concert Properties
- Mark Andrew, Regional Vice President, Pacific Northwest & General Manager, Fairmont Hotels & Resorts
- Derek Brindle, Lawyer, Singleton Urquhart
- Peter Brown, Chairman, Canaccord Capital Inc.
- Bob Bryant, Independent Consultant
- Susan Gomez, Independent Consultant
- John Horning, Senior Vice President and CFO, Interfor
- Dan Jarvis, President, Destination Club
- Miriam Kresivo, General Counsel & Corporate Secretary, Chevron Canada
- Terry A. Lyons – Chair, Northgate Minerals Corporation (Chair, Audit Committee)
- Grant Ritchie, P.Eng. – Independent Consultant

Paul Taylor, Ken Dobell and Doris Daughney served on the Board from February 2003 to September 2007, November 2004 to July 2007, and April 2007 to July 2007 respectively.

Effective with the amalgamation of VCCEP and PavCo April 1, 2008, the eleven members who had also served separately as the Board of Directors for BC Pavilion Corporation (PavCo), continue to serve as the current Board of the successor Corporation, BC Pavilion Corporation. Biographies of the former VCCEP Board members are now published on the PavCo website (www.bcpavco.com).

VCCEP fully complies with the provincial government's *Governance and Disclosure Guidelines for Governing Bodies for Public Sector Organization*. Through March 31, 2008, the activities of VCCEP's Board were guided by the VCCEP Board of Directors Charter. VCCEP had a clear understanding of the roles and responsibilities of its Shareholder and Minister Responsible. An important activity was the identification of potential additional Directors who possessed skills and experience in areas relevant to the Corporation's mandate that would augment the expertise of the Board.

Through March 31, 2008, the Board Chair, President, and Corporate Secretary ensured that the Board encouraged new Directors to participate and be effective as soon as possible. The President and Corporate Secretary provided new Directors with a reference guide "VCCEP Board of Directors Guidebook" and a personal Project briefing. VCCEP also provided ongoing education for Directors with respect to the organization, its sector and corporate governance. Directors were encouraged to attend educational opportunities in the areas of organization and corporate governance. In addition, the Project Team conducted briefings and Board presentations on a regular basis.

VCCEP's Directors were encouraged to meet together, without Management present, at every Board and Committee meeting. An 'In Camera' section was included on all agendas as a standing item.

Effective April 1, 2008, PavCo, VCCEP's amalgamated successor Corporation, assumed responsibility of the continuance of VCCEP's Board duties and governance practices.

CORPORATE GOVERNANCE

COMMITTEES
In addition to alterations to the Board's structure, VCCEP's Committees were also restructured early in 2007/08.

Audit Committee
The primary function of the Audit Committee is to deal with Audit related matters. The Audit Committee is empowered to independently investigate any matters of concern that come to its attention. The Terms of Reference for the Audit Committee are posted on PavCo's website (www.bcpavco.com). The Audit Committee is comprised of the following Directors, each with extensive financial expertise.

- Terry A. Lyons, Chair
- John Horning
- Dan Jarvis

The Chair of the Committee also serves as the independent direct recipient of any confidential information that may be forwarded under the Corporation's Whistleblowing Policy.

Governance and Corporate Reorganization Committee
The Governance and Corporate Reorganization Committee replaced the previous Committee of the Whole. This Committee deals with Governance, Board and Senior Staff Performance, Remuneration and Human Resources and undertook the development of the framework for the April 1, 2008 amalgamation of VCCEP and PavCo. The Committee is currently comprised of the following Directors:

- Miriam Kresivo, Chair
- John Horning
- Terry Lyons

The Terms of Reference for the Governance and Corporate Reorganization Committee are posted on PavCo's website.

Construction & BC Place Futures Committee (Construction Committee prior to January 24, 2008)
VCCEP's Construction Committee was formed to provide detailed oversight of the construction progress for the Expansion Project. PavCo's BC Place Futures Committee was combined with the Construction Committee on January 24, 2008. On behalf of the Board, the Committee reviews the Projects' progress monthly with senior management and is currently comprised of the following Directors:

- David Podmore, Chair
- Derek Brindle
- Peter Brown
- Terry Lyons
- Grant Ritchie

The Terms of Reference for the Construction Committee were posted on VCCEP's website and are now listed under the Board Committees Section on PavCo's website.

CORPORATE GOVERNANCE

BOARD PERFORMANCE & ATTENDANCE

Through March 31, 2008, the VCCEP Board had established criteria and a formal process to annually evaluate its Board and each committee against their respective charters; the Chair against the Chair's position description; and Individual Directors against the Director's Charter of Expectations. A summary of the assessment process was posted on the VCCEP website and are now referenced under the Board Governance Guidelines section of PavCo's website.

The VCCEP Directors were expected to attend at least two thirds of Board meetings each fiscal year. Of the eleven Board meetings held in fiscal 2007/08, the attendance was:

Board of Directors

David Podmore, Chair	100%	Susan Gomez[2]	100%
Mark Andrew [1]	100%	John Horning	100%
Derek Brindle	82%	Dan Jarvis	82%
Peter Brown[2]	71%	Miriam Kresivo	100%
Bob Bryant[2]	100%	Terry Lyons	82%
Doris Daughney[3]	100%	Grant Ritchie	91%
Ken Dobell[3]	75%	Paul Taylor[4]	50%

[1] November 2007 – March 2008
[2] July 2007 – March 2008
[3] April 2007 – July 2007
[4] April 2007 – August 2007

Audit Committee

Attendance by Audit Committee members is sought at all Audit Committee meetings. The Committee met four times and the members' attendance was:

Terry Lyons, Chair	75%	Daniel Jarvis	100%
Peter Brown[1]	0%	Miriam Kresivo[3]	100%
Doris Daughney[2]	100%	Paul Taylor[3]	100%
John Horning	100%		

[1] September 2007 – November 2007
[2] May 2007 – July 2007
[3] May 2007 – August 2007

Governance and Corporate Reorganization Committee

The Governance Committee met twice with the following meeting attendance by members:

Miriam Kresivo, Chair	100%
John Horning	50%
Terry Lyons	100%

CORPORATE GOVERNANCE

Construction & BC Place Futures Committee[1]
VCCEP's Construction Committee and its successor combined Construction & BC Place Futures Committee met five times with the following attendance by members:

David Podmore, Chair	100%	Terry Lyons	80%
Derek Brindle	60%	Grant Ritchie	100%
Peter Brown	100%		

*[1]**NOTE:** At the January 24, 2008 Board meeting the Construction Committee and the BC Place Futures Committee were merged to form one single Committee.*

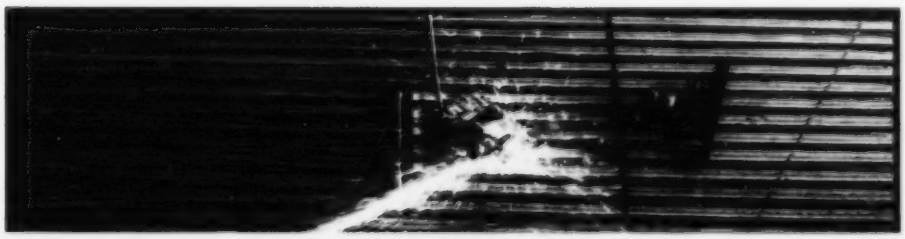
BOARD REMUNERATION
Compensation of Directors is governed by Treasury Board guidelines. Public servants and employees of tax-supported Provincial Government Agencies serving on the Board are not eligible for compensation from VCCEP other than expenses for their Board activities.

VCCEP's external Directors were entitled to an annual fee of $7,500 (Board Chair[1], $15,000; Committee Chairs, $3,000) and a per diem of $500 for each Board or non-consecutive Committee meeting attended. External Directors attending regular meetings of the Board are also entitled to receive an additional per diem in the amount of $500 in recognition of preparation and travel time. The additional per diem does not apply to meetings of Committees of the Board.

Five Directors received remuneration in fiscal 2007/08[1]:

	Board Annual Retainer	Committee Chair Annual Retainer	Meeting Fees / Per Diems	Total
Derek Brindle	7,500	-	11,900	19,400
Ken Dobell	1,875	-	3,000	4,875
Terry Lyons	7,500	1,625	11,500	20,625
Grant Ritchie	7,500	-	11,500	19,000
Paul Taylor	3,438	1,375	3,000	7,813

[1] NOTE: Board Chair David Podmore and Director Peter Brown have declined compensation. Other non-listed Directors received compensation from BC Pavilion Corporation through March 31, 2008 under a cost sharing agreement between VCCEP and PavCo.



CORPORATE GOVERNANCE

ETHICS ADVISOR
Carol Roberts (LLM, C.Arb.) provided Ethics advice to the VCCEP Board of Directors, Project Team, and contractors.

CODE OF CONDUCT
The Board of Directors and Project Team were guided by VCCEP's Code of Conduct. On an annual basis, Directors and Senior Project Team members submit Code of Conduct disclosures to the Ethics Advisor who reviews the disclosures and provides the Board with an annual report.

PROJECT TEAM
VCCEP is led by a team of executives with extensive experience in planning, designing and building major projects within Canada. The Executive group included:

- David R. Podmore – Chair and President[1]
- Colin E. Smith – Chief Financial Officer & Corporate Secretary[1]
- Roy Patzer, Owner's Representative
- Henry Wakabayashi, Project Manager, Lobby/Plaza Entrance and Canada Place Upgrades
- David N. Walker – Project Manager, Expansion and Connector Projects
- Krista Freeman, Project Controller[1]
- Alexandra Wagner – Assistant Corporate Secretary[1]

[1] *Corporation Officers*

The Project Team is comprised of personnel from Stantec Consulting, other specialized consultants, and four employees of VCCEP Ltd. A complete list of Project Team members is posted on the VCCEP website.

VCCEP's Board of Directors had established (and published on its website) a formal process to evaluate the performance of its President and Corporate Secretary annually. These position descriptions and references to annual performance appraisal are now posted on PavCo's website. An assessment of the performance of VCCEP's Management Team was also undertaken as a part of the Project review completed in early 2007/08 by the new VCCEP Chair.

CONTACT INFORMATION
19th Floor – 999 West Hastings Street
Vancouver, British Columbia V6C 2W2
Tel: 604 484 5200
Fax: 604 484 5201
www.vccep.bc.ca

Vancouver Convention Centre Expansion Project Ltd.

Financial Statements

Year ended March 31, 2008

Vancouver Convention Centre Expansion Project Ltd.

Statement of Management Responsibility

Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements of *Vancouver Convention Centre Expansion Project Ltd.* These statements present fairly the financial position of the Corporation as at March 31, 2008 and results of its operations and cash flows for the year ended March 31, 2008.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his work on the financial statements of *Vancouver Convention Centre Expansion Project Ltd.*

David Podmore
Chair

Colin Smith
Corporate Secretary

Vancouver, British Columbia
May 9, 2008

Report of the Auditor General of British Columbia

To the Board of Directors of
Vancouver Convention Centre Expansion Project Ltd., and

To the Minister of Tourism, Sport and the Arts
Province of British Columbia:

I have audited the balance sheet of *Vancouver Convention Centre Expansion Project Ltd.* as at March 31, 2008 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Vancouver Convention Centre Expansion Project Ltd.* as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
May 9, 2008

John Doyle, MBA, CA
Auditor General

Vancouver Convention Centre Expansion Project Ltd.
Balance Sheet

(in $000s)

March 31	2008	2007
Assets		
Cash	**1,409**	13,835
Investments (Note 5)	**78,661**	145,349
Accounts receivable (Note 6)	**4,830**	38,397
Due from Government of Canada (Note 7)	**9,982**	11,766
Prepaids	**8**	8
	94,890	209,355
Capital assets (Note 8)	**526,966**	284,127
	621,856	493,482
Liabilities		
Accounts payable (Note 9)	**43,175**	20,087
Deferred revenue (Note 10)	**11,771**	6,897
Deferred contributions – Other (Note 11)	**293,302**	192,859
	348,248	219,843
Shareholder's equity		
Share capital (Note 12)	**-**	-
Contributed surplus (Note 13)	**272,500**	272,500
Retained earnings	**1,216**	1,139
Accumulated other comprehensive income (Note 14)	**(108)**	-
	273,608	273,639
	621,856	493,482

Commitments (Note 15)
Contingent Liabilities (Note 16)

On behalf of the Board

Chair

Director

The accompanying notes are an integral part of these financial statements.

Vancouver Convention Centre Expansion Project Ltd.

Statement of Income and Retained Earnings

(in $000s)

Years ended March 31	2008	2007
Income		
Rent	**89**	51
	89	51
Expenses		
Amortization	**12**	31
	12	31
Net income for year	**77**	20
Retained earnings – beginning of year	**1,139**	1,119
Retained earnings – end of year	**1,216**	1,139

The accompanying notes are an integral part of these financial statements.

Vancouver Convention Centre Expansion Project Ltd.
Statement of Cash Flows

(in $000s)

Years ended March 31	2008	2007
Operations:		
Net income	77	20
Non-cash items		
Amortization of capital assets	12	31
Cash provided by (used in) operating activities	89	51
Investments:		
Capital asset additions	(250,503)	(107,823)
Interest earned	7,652	5,077
Investments	122,507	(23,527)
Accumulated other comprehensive income	(108)	-
Accounts receivable	(3,833)	3,336
Accounts payable	23,088	4,150
Cash provided by (used in) investing activities	(101,197)	(118,787)
Financing:		
Due from Government of Canada	1,784	2,069
Deferred revenue	4,874	4,614
Contributions – City of Vancouver	-	(40)
Contributions – Government of Canada (INFC)	74,899	48,406
Contributions – Government of Canada (WED)	441	391
Contributions – Province of BC	30,000	40,852
Contributions – Tourism Vancouver	32,100	22,200
Contributions - Other	403	-
Cash provided by (used in) financing activities	144,501	118,492
Net increase (decrease) in cash and cash equivalents	43,393	(244)
Cash and cash equivalents - beginning of year	16,594	16,838
Cash and cash equivalents - end of year	59,987	16,594
Cash and cash equivalents		
Cash	1,409	13,835
Investments < 90 days	58,578	2,759
Total cash and cash equivalents	59,987	16,594

The accompanying notes are an integral part of these financial statements.

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2008

(tabular amounts in $000s)

---

1) Nature of Business

The Vancouver Convention Centre Expansion Project Ltd. (the "Corporation") was incorporated under the laws of British Columbia on February 13, 2003 (Note 3). A board of directors, all appointed by the Corporation's sole shareholder, the Province of British Columbia, governs the Corporation.

The Corporation's purpose is to design, build, commission and own an expansion of the convention centre in downtown Vancouver. Upon commissioning, a separate entity will operate the expanded facility.

The Corporation is exempt from federal and provincial income taxes.

2) Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

New accounting policies

Effective April 1, 2007 the Corporation adopted two new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"): Comprehensive Income ("Section 1530") and Financial Instruments – Recognition and Measurement ("Section 3855"). These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements.

Comprehensive Income

Section 1530 requires the presentation of comprehensive income, which consists of net income and other comprehensive income ("OCI"). OCI represents changes in shareholder's equity and includes items such as unrealized gains and losses on financial assets classified as available-for-sale.

Financial Instruments – Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial assets and financial liabilities, including derivatives, are measured in the balance sheet at fair value, except for loans and receivables, and other financial liabilities, which are measured at amortized cost.

The Corporation has designated its financial instruments as follows:

Cash is classified as financial assets held for trading. Due to its nature, the carrying value equals its fair value. Investments are classified as available for sale and are carried at fair value with the changes in fair value recorded in accumulated other comprehensive income. Gains and losses realized on the disposal of available for sale securities, along with interest are recorded in construction-in-progress. Accounts receivable are classified as loans and receivables and are measured at amortized cost.

2) Significant Accounting Policies (continued)

Accounts payable are classified as other financial liabilities which are also measured at amortized cost.

It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Construction-in-progress

All costs of construction are recorded at cost and include direct costs during development and construction, as well as value-in-kind (VIK) contributions (see VIK accounting policy), property taxes, any realized gains or losses on the disposal of available for sale securities and interest earned or incurred during construction. At the point in time when the facilities are substantially completed, these costs will be transferred to capital assets. They will be subsequently amortized over their estimated useful lives.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

Environmental costs

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

Capital asset amortization

Capital assets are stated at cost and amortization is being calculated on the straight-line basis using the following rates:

Asset	Rate
Furniture and equipment	33%
Computer hardware	33%
Computer software	33%

2) Significant Accounting Policies (continued)

Foreign currency translation

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date.

Any foreign currency denominated monetary liabilities are restated using the prevailing rate of exchange at the balance sheet date.

Related party transactions

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

Deferred revenue

The Corporation receives revenue in advance from lease and business alliance agreements. Deferred revenue and expenses incurred to generate this revenue will be amortized on a straight-line basis over the term specified in the agreements.

Deferred contributions

Contributions for the construction of capital assets are deferred and will be amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Value-in-kind (VIK)

The Corporation has entered into agreements where VIK is provided. VIK is recognized at fair value and when the goods would otherwise have been purchased (including any applicable taxes). The VIK provided by these agreements is included in construction in progress (see construction-in-progress accounting policy).

3) Subsequent Event

On April 1, 2008, Vancouver Convention Centre Expansion Project Ltd. ('VCCEP') amalgamated with B.C. Pavilion Corporation ('PavCo'), the current operator of the existing convention centre at Canada Place. The newly formed corporation under the *British Columbia Business Corporations Act* is named B.C. Pavilion Corporation.

PavCo, VCCEP and B.C. Pavilion Corporation are all related by virtue of common ownership and control. VCCEP will retain its Project identity and associated project management processes and controls while operating as a division of B.C. Pavilion Corporation. All assets, liabilities and equities were transferred to B.C. Pavilion Corporation at the carrying values on April 1, 2008.

Based on the March 31, 2008 audited balance sheets for VCCEP and PavCo, the balance sheet for the amalgamated corporation will be as follows:

(in $000's)	VCCEP	PavCo	Consolidated
Current assets	94,890	43,221	138,111
Capital assets	526,966	51,684	578,650
Liabilities	54,946	10,508	65,454
Deferred contributions	293,302	26,669	319,971
Contributed surplus	272,500	31,131	303,631
Retained earnings	1,108	26,597	27,705

4) Funding

At March 31, 2008, the budget for construction of the new convention centre facility (Expansion facility), the connection between the Expansion facility and Canada Place, and upgrades to the existing facility at Canada Place is $883.2 million, and is to be funded as follows:

- Expansion Facility - $808.4 million to be funded by the Government of Canada ($202.5 million), the Province of British Columbia (up to $485.9 million), Tourism Vancouver ($90 million) and a minimum of $30 million from commercial opportunities.
- Connector - $38.6 million to be funded by the Government of Canada ($20 million) and the Province of British Columbia ($18.6 million).
- Upgrades to existing facility - $36.2 million to be funded by the Province of British Columbia.

Tourism Vancouver's funding is being financed by way of contributions advanced on its behalf from the Province of British Columbia (Note 11).

In March 2005, the Corporation entered into a separate $2.1 million funding agreement with Western Economic Diversification Canada (WED) for incremental sustainability initiatives to be added to the expansion project.

5) Investments

	March 31 2008	March 31 2007
Investments maturing < 90 days:		
Cash	**1**	2
Canadian treasury bills with interest rates of 3.00% (4.18% in Fiscal Year 06/07).	**19,412**	912
Government and corporate bonds with interest rates between 3.75% and 6.00% (3.00% in Fiscal Year 06/07).	**37,172**	1,846
Strip coupons with interest rates of up to 3.18%	**1,993**	-
Subtotal	**58,578**	2,760
Other Investments:		
Government and corporate bonds with interest rates of between 4.30% and 4.50% (2.75% to 6.00% in Fiscal Year 06/07).	**20,083**	126,354
Strip coupons (4.13% in Fiscal Year 06/07).	-	16,341
Subtotal	**20,083**	142,695
Total fair value	**78,661**	145,455
Book value	**78,769**	145,349
Accumulated other comprehensive income	**(108)**	-

As a result of adopting the new accounting policy for Financial Instruments effective April 1, 2007 on a prospective basis, investments at March 31, 2008 are reported at their fair values. However, for comparability purposes, investments previously reported at cost at March 31, 2007, have been restated to their fair values. The amount by which the fair values differ from cost is $106 thousand.

6) Accounts Receivable

	March 31 2008	March 31 2007
Trade	**642**	3
Interest	**885**	114
GST	**3,303**	880
Due from Province of BC	-	30,000
Due from Province of BC (Tourism Vancouver)	-	7,400
	4,830	38,397

7) Due from Government of Canada

a) Project funding

The funding agreement between Infrastructure Canada and the Corporation specifies that the Corporation may submit claims for reimbursement of paid eligible costs to a maximum of $222.5 million ($202.5 million for the Expansion facility and $20 million for the Connector).

At March 31, 2008, the Corporation has recovered $199.0 million of the $207.9 million in total claims submitted for recovery of paid eligible costs ($194.3 million of $202.5 million received for Expansion claims and $4.7 million of $5.4 million received for Connector claims).

b) Incremental funding

The funding agreement between WED and the Corporation specifies that the Corporation may submit claims for reimbursement of paid eligible costs to a maximum of $2.1 million. At March 31, 2008, the Corporation has recovered $1.3 million of the $1.8 million total submitted claims for eligible costs under this agreement.

	March 31 2008	March 31 2007
Infrastructure Canada:		
Total claims submitted	**207,859**	126,516
Payments received	**199,019**	122,247
Claims receivable	**8,840**	4,269
Accrued (unpaid) eligible costs	**653**	7,098
Receivable from Infrastructure Canada	**9,493**	11,367
Western Economic Diversification Canada:		
Total claims submitted	**1,786**	954
Payments received	**1,297**	946
Claims receivable	**489**	8
Accrued (unpaid) eligible costs	**-**	391
Receivable from WED	**489**	399
Total due from Government of Canada	**9,982**	11,766

8) Capital Assets

	March 31, 2008			March 31 2007
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Land	38,646	-	**38,646**	38,646
Furniture and equipment	55	55	**-**	5
Computer hardware/software	267	244	**23**	2
Construction-in-progress	488,297	-	**488,297**	245,474
	527,265	299	**526,966**	284,127

Land consists of $28 million for the purchase of the Convention Centre lands from FHR Properties in March 2003, and $10.6 million for the purchase of Lot D from the City of Vancouver.

The City of Vancouver has finalized consolidation of all the Corporation's existing lands (Parcels D, E, Water Lot 23 and Water Lot 22) into one new parcel (Lot 1). To facilitate this consolidation, the Corporation and City of Vancouver agreed to transfer a portion of the City's road dedications through the Corporation's lands, in exchange for the westerly portion of Lot 22. The transfer of ownership of the western portion of Lot 22 to the City and the site consolidation of the Corporation's lands were completed in July 2007.

Construction-in-progress is net of interest earned of $19.1 million ($11.5 million at March 31, 2007). $3.1 million of steel pipe which was transferred to the Corporation by the Province, upon windup of the Vancouver Trade and Convention Centre Authority is also reflected in construction in progress and in contributed surplus (Note 13).

9) Accounts Payable

	March 31 2008	March 31 2007
Trade	**24,151**	14,469
Lien holdbacks	**18,948**	5,550
Due to related parties	**76**	68
	43,175	20,087

10) Deferred Revenue

	March 31 2008	March 31 2007
Bell Canada	**10,000**	5,000
Forestry Innovation Investment Ltd.	**4,000**	4,000
Unearned lease revenue	**4**	2
Total deferred revenue	**14,004**	9,002
Less: revenue generation expenses to date	**2,233**	2,105
Net deferred revenue	**11,771**	6,897

11) Deferred Contributions – Other

Contributions received from other parties are as follows:

	March 31 2008	March 31 2007
Expansion Project		
Government of Canada (INFC)	**208,513**	133,614
Province of British Columbia (Tourism Vancouver)	**82,600**	57,900
	291,113	191,514
Ancillary Projects		
Government of Canada (WED)	**1,786**	1,345
Other cost recoveries	**403**	-
	2,189	1,345
Total deferred contributions - other	**293,302**	192,859

12) Share Capital

The Corporation has authorized capital of 100,000 common shares without par value of which 100 shares are issued and outstanding. The Minister of Tourism, Sport and the Arts holds the share issued as the designated representative of Her Majesty the Queen in right of the Province of British Columbia.

13) Contributed Surplus

The Corporation received contributions as follows:

	March 31 2008	March 31 2007
Province of British Columbia	**269,352**	269,352
Province of British Columbia (VTCCA pipe)	**3,148**	3,148
	272,500	272,500

14) Accumulated Other Comprehensive Income

	March 31 2008	March 31 2007
Accumulated other comprehensive income-April 1, 2007	-	-
Transitional adjustment	**106**	-
Accumulated other comprehensive income-April 1, 2007 restated	**106**	-
Unrealized loss on available-for-sale investments	**(214)**	-
Accumulated other comprehensive income	**(108)**	-

Effective April 1, 2007, the Corporation adopted two new accounting standards (Note 2) that were issued by the Canadian Institute of Chartered Accountants ('CICA'): Comprehensive Income ('Section 1530') and Financial Instruments – Recognition and Measurement ('Section 3855').

These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. In accordance with transitional rules resulting from this change in accounting policy, a one-time transitional adjustment of $106 thousand has been applied to the opening balance of accumulated other comprehensive income, to account for the difference between the carrying value and fair value of investments as at April 1, 2007.

15) Commitments

a) Construction-in-progress

As at March 31, 2008, the Corporation is committed to future expenditures of approximately $207.5 million ($206.0 million at March 31, 2007) for contracts currently entered into with respect to the Project.

b) Operating Lease

The Corporation is committed to payments under operating leases as follows:

	March 31 2008	March 31 2007
Year ending March 31, 2009	**165**	160
2010	**1**	1

16) Contingent Liability

The Corporation has issued Letters of Credit to the following:

	Value (in $)	Expiry Date
City of Vancouver:		
Thurlow Street Viaduct warranty costs	$211,940	October 20, 2008
Department of Fisheries and Oceans Canada:		
Habitat compensation and monitoring	$100,000	September 3, 2008

The Letters of Credit include an annual auto-renewal clause, unless cancelled prior to the expiry date.

17) Comparative Figures

Certain 2007 figures have been reclassified to conform with the current period.

BRITISH
COLUMBIA
The Best Place on Earth

VANCOUVER
CONVENTION CENTRE EXPANSION
PROJECT